Chicago Booth/Kellogg School Financial Trust Index Reveals Public Concern Over Income Inequality, Broken Education System

- *59 percent Believe Improved Educational System is Key to Fighting Income Inequality;*
- *58 Percent Blame Loss of Jobs to Foreign Countries as “primary culprit” of Income Inequality*

Though the collective measure of financial trust is up, driven mainly by more positive attitudes toward banks and the stock market, Americans are concerned about growing income inequality and would like to see improvements in the country’s educational system as a starting point to address that inequality, according to the latest Chicago Booth/Kellogg School Financial Trust Index.

Co-authors Luigi Zingales, the Robert C. McCormack Professor of Entrepreneurship and Finance and the David G. Booth Faculty Fellow of the University of Chicago Booth School of Business, and Paola Sapienza, the Merrill Lynch Capital Markets Research professor of finance at Kellogg School of Management at Northwestern University, conducted the survey of 1,014 financial decision makers between June 18 and June 25 of this year.

Even with improved employment numbers, 44 percent of respondents are worried about income inequality in the Unites States, with the majority (58 percent) blaming the loss of jobs to foreign countries as the core problem. Others point to huge salaries in the financial sector as the main issue; only 38 percent blame inequality on a weakening power of the unions.

Additionally, an overwhelming majority— 59 percent— think improving the overall educational system is the first step in battling economic inequality. Only 31 percent prefer a tax on the high income people, and a mere 7 percent believe an inheritance tax as a way to fight inequality.

“While on average, the economy, the housing market, and the stock market are doing better, Americans fear that – because of income inequality – most of them will not enjoy the benefits of these improvements,” Sapienza says.

Despite Americans’ anxiety over income inequality, they do show increased trust in credit unions, with some 60 percent of respondents saying they find credit unions trustworthy; only 30 percent say they trust big, national banks, which tend to be for-profit and invest in financial products that are unfamiliar to many Americans.

“It is not just because of the not- for- profit motive of credit unions,” Zingales says. “People trust more local than national banks and trust more credit unions than local banks. The more local an institution is, the more trusted it is.”

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